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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

5928
5889
5787
5694

March 19, 2014

David McMullin
C.S. Mining LLC
P.O. Box 608
Milford, Utah 84751

Subject: Tentative Approval of Revision to Notice of Intent to Commence Large Mining Operations, C.S. Mining LLC, Hidden Treasure Mine, M/001/0067, Beaver County, Utah

Dear Mr. McMullin:

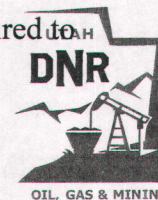
The Division of Oil, Gas and Mining tentatively approves the revision to the Hidden Treasure Notice of Intention to Commence Large Mining Operations (Notice) wherein C.S. Mining proposes to add an intermediate tailings disposal facility (ITDF) and acid leach and solution extraction/electrowinning (SX/EW) plants.

The notice of tentative approval will be published in the appropriate Salt Lake City and Beaver County newspapers (copy attached). This will begin a 30-day public comment period. The Division will also notify the Resource Development Coordinating Committee (RDCC). If no substantive comments are received during the public comment period, the Division will then issue its final approval for this project. Changes to the Notice may be needed if substantive comments are received.

Please ensure that copies of approval letters for the groundwater discharge permit and air quality approval order from the Utah Department of Environmental Quality (DEQ) are provided to the Division for incorporation into appendices in the Notice. Some actions in this tentatively-approved revision are not permitted without approval from DEQ.

The following conditions are attached to this tentative approval:

1. The Division is currently reviewing the reclamation cost estimate, and any deficiencies in these calculations must be addressed and approved prior to final approval.
2. Please provide the Division with copies of cultural resource survey reports for undisturbed areas that will be affected by new facilities. The Division is required to consider the effects of the proposal on cultural resources.



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3. Ongoing sampling of ITDF tailings for an undetermined time period will be required as jointly determined by the DEQ and the Division.
4. Final design information needs to be included in the Notice prior to approval of additional ITDF phase construction. Only the East Starter Dam design has been finalized.

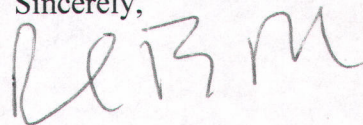
The Division recommends that additional monitoring wells be installed below the pregnant leach solution (PLS) and raffinate ponds.

Prior to issuing final approval, the Division requires that you provide:

1. Two copies of the complete and corrected plan, including appropriate figures. When final approval is issued, one copy will be stamped "approved" and returned for your records;
2. A reclamation surety in the amount approved by the Division. Please coordinate with Penny Berry at 801-538-5291 or by e mail at pennyberry@utah.gov to obtain the appropriate bond and reclamation contract forms.
3. If available, the Division requests an electronic copy of the mine disturbed area in the original AutoCAD, shape, or other file format. Please include the projection and datum information with this file. Contact danielsmith@utah.gov, 801538-5292 for further information or questions.

Thank you for your cooperation and patience in completing this permitting process. Please contact Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have questions regarding this letter.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB: pnb: eb
cc: Ron Wunderlich, C.S. Mining (rwunderlich@csmining.com)
Ed Ginouves, BLM-Cedar City (eginouve@blm.gov)
Jerry Mansfield, SITLA (jmansfield@utah.gov)
Mark Novak, Utah DWQ (mnovak@utah.gov)
Bob Bayer (bob@rjbayerpgeo.com)

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